

Problems Continue to Plague U.S. West Coast Ports

by Rich Roche - Friday, November 07, 2014



Long lines, equipment shortages, and recent labor disputes have ensnared Southern California ports, severely limiting terminal productivity and compounding this summer's congestion that has yet to be cleared.

Gate turns can take from 2 to 9 hours to pick up a single container. The chassis supply is very tight because empties are not returned in a timely fashion due to longer gate turns and equipment hoarding. Truckers are walking off the job, creating a shortage of drivers. Importers and exporters suffer through delays only to be hit with heavy demurrage and per diem charges from the terminals, ocean carriers, and chassis leasers. Even rail moves are being delayed a week or more in connecting to off-dock rail terminals. And that's the good news!

Last week in Seattle/Tacoma, the [Pacific Maritime Association \(PMA\) reported some of the first documented labor slowdowns](#), which could be the harbinger of even more bad news. It now appears that contract negotiations between the ILWU and PMA have stalled. Labor, which has been operating without a contract since July 1, is retaliating with work slowdowns that are crippling an already restricted flow of cargo. If they continue, we may see a repeat of the 2002 labor lockout for all ports on the West Coast.

History has shown us that in the course of a 10-day strike or lockout, it's possible for as many as 100 vessels to be sent to anchor along the West Coast, while those still crossing the ocean will reduce their speed to that of a crawl. This inevitably causes exports to pile up, with no one touching imports as the labor action wears on. Should the President invoke Taft-Hartley and order labor back to work, the mess left at the terminals might take 8-10 weeks or longer to clear up.

While today's congestion scenario did not really start as a labor issue, in the end it may be the ILWU contract that becomes the saving grace to this multifaceted problem. The three issues on the table are healthcare, jurisdiction, and automation. The first two may be easier to appease with concessions from both sides. Automation on the other hand is the key to unlocking efficiencies not available today under current labor practices on all three U.S. coasts. Cargo flow rates can be improved by replacing manual processes with automation. The ILWU and their sister union on the East Coast need to come to their senses and accept this fact. We are told the unions will not budge on the topic of automation. The truth is they will forever dampen cargo flow if they don't.

Based on this latest round of saber rattling between the ILWU and PMA, Mohawk advises shippers to move cargo via alternate routings that avoid West Coast ports. This means using East Coast and Gulf Coast options where possible. We do not see Canada as a viable option at this time, since many of its ports are dependent upon the same vessels that will go to anchor if there is a labor action. We encourage clients to contact their Mohawk customer service representative to discuss the alternative routing options available.

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